

AMENDED IN SENATE MAY 20, 1997

AMENDED IN SENATE MAY 6, 1997

AMENDED IN SENATE MARCH 31, 1997

SENATE BILL

No. 30

Introduced by Senator Kopp

December 2, 1996

An act to amend Section 5151 of the Revenue and Taxation Code, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

SB 30, as amended, Kopp. Property taxation: refunds: interest rate.

Existing property tax law generally requires that interest be paid at the greater of either 3% per annum or the "county pool apportioned rate," as defined, on any amount that is refunded to a property taxpayer. Existing law also provides that this general requirement does not apply to interest payable on refunds of those amounts of tax that became due and payable before March 1, 1993, and provides for interest to be paid at the rate specified prior to January 1, 1993, in the case of the refund of a tax that became due and payable prior to March 1, 1993, and was not refunded as of April 6, 1995.

This bill would eliminate ~~the~~ *this* exclusion from, *and modification of*, general interest rate provisions for refunds of property taxes ~~that became due and payable prior to March 1, 1993~~, and would *instead* provide, *for any unpaid refund amount that is due with respect to any portion of a tax year that ended on or before December 31, 1992*, for interest to be

paid at the rate specified prior to January 1, 1993, for refunds that themselves become due and payable prior to March 1, 1993, and had not yet been made as of April 6, 1995 of 7% from the date upon which interest begins to accrue on that amount to December 31, 1992, inclusive, and at the county pool apportioned rate from January 1, 1993, to and including the date 30 days prior to the date of mailing or personal delivery of the refund.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 5151 of the Revenue and
2 Taxation Code is amended to read:
3 5151. (a) Except as otherwise provided in
4 subdivision (b), interest at the greater of 3 percent per
5 annum or the county pool apportioned rate shall be paid,
6 when that interest is ten dollars (\$10) or more, on any
7 amount refunded under Section 5096.7, or refunded to a
8 taxpayer for any reason whatsoever. However, no interest
9 shall be paid under the provisions of this section if the
10 taxpayer has been given the notice required by Section
11 2635 and has failed to apply for the refund within 30 days
12 after the mailing of that notice. For purposes of this
13 section, "county pool apportioned rate" means the
14 annualized rate of interest earned on the total amount of
15 pooled idle funds from all accounts held by the county
16 treasurer, in excess of the county treasurer's
17 administrative costs with respect to that amount, as of
18 June 30 of the preceding fiscal year for which the refund
19 is calculated. For each fiscal year, the county treasurer
20 shall advise the Controller of the county pool apportioned
21 rate, and of computations made in deriving that rate, no
22 later than 60 days after the end of that fiscal year.
23 ~~(b) Interest on refunds that became due and payable~~
24 ~~before March 1, 1993, and had not been made as of April~~
25 ~~6, 1995, shall be paid at that rate provided for by this~~
26 ~~section as it read prior to January 1, 1993. This subdivision~~
27 ~~shall not be construed to affect the interest paid on~~

~~refunds that became due and payable before March 1, 1993, and have been made as of April 6, 1995.~~

(b) For any unpaid refund amount that is due with respect to a tax year, or any portion thereof, that ended on or before December 31, 1992, interest shall be calculated at the rate of 7 percent per annum from the date upon which interest begins to accrue on that amount to December 31, 1992, inclusive, and at the county pool apportioned rate from January 1, 1993, to and including the date 30 days prior to the date of mailing or personal delivery of the refund.

(c) (1) The interest computation period shall commence with the date of payment of the tax when any of the following apply:

(A) A timely application for reduction in an assessment was filed, without regard to whether the refund ultimately results from a judgment or order of a court, an order of a board of equalization or assessment appeals board, or an assessor's correction to the assessment roll.

(B) The refund is pursuant to a roll correction resulting from the determination or adjustment by the assessor or a local assessment appeals board of a base year value.

(C) The refund results from a correction to the assessment roll pursuant to Section 4831 or 4876.

(2) Interest on refunds of taxes on property acquired by a public agency in eminent domain shall accrue from the date of recordation of the deed.

(3) In all other cases the interest computation period shall commence on the date of filing a claim for refund or payment of the tax, whichever is later. However, in the event of the granting of property tax relief pursuant to Section 69, 69.3, or 170, interest is not payable on any resulting refund of taxes, provided that payment of that refund of taxes is made within 120 days after the county assessor has sent authorization for the reduction to the county auditor.

1 (d) The computation of interest shall terminate as of
2 a date within 30 days of the date of mailing or personal
3 delivery of the refund payment.

4 (e) The interest charged shall be apportioned to the
5 appropriate funds, as determined by the county auditor.

6 (f) The amendments made to this section by the act
7 adding this subdivision shall ~~apply to all refunds made~~
8 ~~after January 1, 1997~~ *only to the calculation and payment*
9 *of interest with respect to a property tax refund that is*
10 *due and payable on or after the effective date of the act*
11 *adding this section, and shall not be construed in any*
12 *manner to affect the validity of any interest calculation or*
13 *interest payment with respect to a property tax refund*
14 *that was paid prior to the effective date of the act adding*
15 *this section.*

